

City of Newport Beach

OFFICE OF THE CITY MANAGER Dave Kiff, City Manager

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Civic Center Project Under Construction

Construction work on the Civic Center & Park Project began in May and will now continue through late 2012. If you've been following the local news this summer, you may have seen some strong opinions about the project, particularly the costs. It's important that you have the information as I know it today.

The project includes four main components – City Hall, a 14.5-acre park, an expansion of the Newport Beach Central Library, and a 450-space parking structure. You've likely seen estimates (some from me) that discuss the Civic Center project cost in the range of \$105 million to \$140 million. That's a wide range and those are large numbers, even at the low end. The reason that we just have a range thus far is that this is still an estimate. We won't have the exact cost until we get the actual construction bids in November. If the City Council sees the bids coming in too high, it can choose to ratchet back elements of the project.

Some residents have asked, "A city hall costs \$140 million?" No. Estimates for the city hall element of the project are about \$50 to \$60 million. That estimate will become a cost when the actual bids come in this fall. That cost is higher than the cost of a standard, concrete tilt-up building because this building will have glass and steel and will include environmental sustainability elements, such as raised floors. These cost more to construct, but save money in the long run by reducing utility bills.

I've also heard "How will the project stay under budget?" Or, "When has a public works project ever stayed within its budget?" The new OASIS Senior Center is a good example of one. OASIS will be open this fall, and the project is coming in on time and about \$3 million under budget.

The City doesn't manage big building projects like the Civic Center or OASIS anymore. We hire someone from the private sector – with specific experience in constructing large projects – to manage them for us. The private firm we've hired for the Civic Center project, C.W. Driver, is under contract to deliver a project at or below the bid pricing. If it goes over, they are responsible for the cost overruns. If it comes in below bid pricing, they get a share of the savings.

If you've been following this project since the Measure B vote in early 2008, I hope you have seen an open, inclusive process that has shared both the good and bad aspects of the design and construction of a big project. I believe that's the fair, candid, and prudent way to let our community members know what the City is doing with your tax dollars. I am now a taxpayer here too, and I want those dollars to be spent wisely.

I also want to provide more details here about the construction elements and timing. The project site is on two parcels (equaling 17.5 acres) located north of the Newport Beach Central Library bordered by Avocado Avenue and MacArthur Boulevard, and divided by San Miguel. Here's what is scheduled to take place:

• **Grading and Site Preparation.** This involves extensive earth removal (about 20,000 truckloads) to keep the parking structure and city office building below the view plane that protects the public's view of the harbor and ocean from MacArthur Boulevard. This will be going on from now through fall.

- Parking Structure. The 450-space parking structure will be built first. Bids come in soon to further design and construct a structure to accommodate up to 350 cars associated with the city hall and park and another 100 cars associated with the Central Library and/or park visitors. Parking will be free in this well-lit (interior only) and well-designed facility. Parking structure construction should begin in December 2010.
- Park, City Hall, and Library Expansion. The bids should be received in November 2010 for these elements, with construction scheduled to start in January 2011. The park will include 1.23 miles of walking trails, great places to view the ocean, public art, a restored wetlands, a dog park, spaces for picnics and play, and more. The library expansion will add about 17,000-square-feet to the Central Library to increase children's programs, reading rooms, and add a sound and video room, a coffee place, and more. The city hall office building will provide work space for approximately 240 employees and a central, "One Stop Shop" to streamline service for customers seeking permits or getting planning or building approvals. The new building will also include an emergency readiness center, a new community room with seating for up to 150, and a new City Council Chambers that will also seat up to 150 and will double as additional community meeting space. It should all be done by late 2012.

So, why are we building during an economic recession? And how will the City pay for this? If we're ever going to build, now is the time. The weak economy has put many other construction projects on hold in the region so materials and labor are available and at a good price. We've also been planning and setting aside money for this and other projects for quite some time. The City's Facilities Financing Plan details the large infrastructure projects planned, when they will be built over the next 20 years, and estimates how much each would cost. It also explains how the City will pay for each without ever taking more than five percent out of its general fund operating budget. For the Civic Center project, we intend to use a mixture of savings and money raised through a bond issuance (the bond will not raise your taxes).

If you want to read more about the project, we have a lot of information on the City website at **www.newportbeachca.gov/civiccenter.** You can also sign up for project e-mail updates through the website. If want to speak to someone about the project, please contact Steve Badum, public works director, at **sbadum@newportbeachca.gov** or (949) 644-3311 or Tara Finnigan, public information manager, at **tfinnigan@newportbeachca.gov** or (949) 644-3035.

Balanced Budget Adopted

Despite some significant revenue challenges, the City Council was able to adopt a balanced budget for Fiscal Year 2010-2011, without using any reserve funds (the City's savings accounts).

You may recall that declining sales tax and transient occupancy tax revenues, combined with several large revenue commitments, led to an unanticipated \$8 million gap in last year's budget. "One-time" savings were not enough to correct the problem. We needed to make strategic changes in how we manage services in order to close the budget gap and make necessary corrections for the City's long-term, financial health.

The remedy involved reducing the staff size through an early retirement program, negotiating agreements with several employee bargaining groups to have them pay more for pensions, reducing expenditures across the board, and increasing some parking revenues. It was also very important to the City Council that we avoid using reserve funds unless we absolutely had no other choice. The good news is that we achieved what we set

out to do. I am currently projecting that we will close the last fiscal year (ended June 30) and the next fiscal year (will end June 30, 2011) without using any reserves. The City's budget documents can be viewed online at www.newportbeachca.gov/citybudget.

Traffic Signal Upgrades

The City has completed the first two phases of a traffic signal modernization project and a third phase is underway. The project involves upgrading nearly 120 traffic signals throughout the city to improve system reliability and help improve traffic flow.

The first phases are now operational and include:

- Coast Highway and MacArthur Boulevard Corridors. 22 traffic signal locations upgraded and 22 intersections retimed. Installed two CCTV cameras for traffic monitoring.
- **Jamboree Road Corridor and the Airport Area.** 29 traffic signal locations upgraded and retimed 29 intersections. Installed 13 CCTV cameras for traffic monitoring.

The next phase of the project covers the West Newport and the Balboa Peninsula area and will be completed by the end of the year. It includes the upgrading of 30 signal locations, the retiming of 30 intersections, and the installation of seven CCTV cameras.

The final three phases of the project involve the Newport Center area, the Newport Coast Drive and San Joaquin Hills Road corridors, and East Newport. We expect these phases to be funded and implemented within the next few years.

Changes to City Staff

We have a new police chief, Jay Johnson, and a new assistant city manager, Dana Smith. During their respective interviews, both Jay and Dana impressed me as people who understand Newport Beach well – our spirit, our sense of community, and the quality of life that is important to us all.

Dana comes to Newport Beach by way of the City of Napa where she served as its assistant city manager. In Napa, she was responsible for the City's suite of development services and worked closely with its executive team on budget, labor, and organizational management issues. Prior to Napa, Dana worked with the City of Chula Vista. Before that, she was the executive officer for the Orange County Local Agency Formation Commission.

Jay comes to us from the Long Beach Police Department, where he served for 23 years, rising to the rank of commander. Jay oversaw the South District, an area similar to our busy Balboa Peninsula during the summer months. Jay earned Bachelor of Science and Master of Public Administration degrees from the California State University, Long Beach. He is also a graduate of the FBI National Academy.

Please welcome Jay and Dana when you see them in the community.

Citizen Satisfaction Survey

In late 2007, the City conducted its first Citizen Satisfaction Survey to gauge community satisfaction with our services. Overall, the findings were very good but we had a few places where we needed to focus on improving. We used the data collected to create performance measurements and benchmarks for all City departments and it's now time to repeat the survey to see if our citizens have seen improvements. We have again retained ETC Institute to conduct the survey. During the next month, the survey will be mailed to about 3,000 randomly selected Newport Beach households and about a week later, the consultant will follow-up by contacting those residents by phone.

I would like to thank everyone who mailed back or filled out the NBTV survey online. We had a great response and appreciate the feedback on our government channel programming. I will provide details in my next newsletter.

Airport Departure Procedures

Some changes to John Wayne Airport (JWA) departures over the Back Bay were recently in the news and I wanted to give you some more information from the City's perspective. First, it's important to note that the Federal Aviation Administration (FAA) oversees the use of U.S. airspace and is solely responsible for selecting airport arrival and departure routes. The City can't do it, nor can the County of Orange.

Earlier this year, the FAA developed a new Area Navigation (known as RNAV) procedure for many airports, including John Wayne Airport. They are doing this all over the nation as planes now include more and improved technology in the cockpit. The new JWA RNAV was implemented in April and affects about half of the airport's departures. The other half of the departures still fly a non-RNAV route that "fans" planes across Newport Beach.

The FAA amended the RNAV when the City, the County, and community members said that the new route brought more air traffic over the east side of the bay. Unfortunately, after the amended route (known as DUUKE 2) was implemented, we heard from a number of citizens that they do not believe it is a better alternative.

Our city's goal is clear – we want the departure route as close to the middle of the Upper Bay as it can be. We will continue to advocate that position to the FAA. The FAA's staff has been receptive to all comments and questions and is willing to consider revisions again.

The FAA is under no obligation to revise routes and their staff's attention to the issues we've raised has been greatly appreciated.

Thanks for taking a few minutes out of your day to read this update on the City's activities. I always appreciate your comments and welcome you to call or send me an e-mail if you have any questions or would like more information about the topics covered in this issue.

I wish you a happy and safe summer,

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